

player in global business transactions. In the early 1960s, Western Europe was still recovering from the scars of World War II and the Asian business environment was just developing.

Today, our European and Asian competitors produce products and services of world-class standards and have consumers that demand the same. American companies must compete in these markets but are sometimes still bound by a tax code that presumes they are the only player on the field.

The American system of taxation—based on a “worldwide income” model—basically taxes all income earned by American companies both in the United States and abroad and then gives credits for taxes paid in other countries. Many other countries look only at income earned within its borders—based on a “territorial” model—but make certain exceptions for income earned abroad.

The tax departments of American companies are double and triple the size of tax departments of their foreign competitors. I believe there are more productive uses of corporate assets than complying with the arcane rules that make up our tax system.

At the House Ways and Means Committee, we’ve been taking steps to modernize the tax rules for American businesses working in the global business environment. We were also forced to change our tax code because of rulings by the World Trade Organization. Yet there remain dozens of places in the tax code that need work. The bill I am introducing is a first draft at this work. I am introducing it as the 109th Congress comes to a close and I invite those who are interested in these issues to work with me to either fine tune these provisions or find broader strokes to envelop wider solutions. I hope to reintroduce similar legislation early in the 110th Congress.

The bill I am introducing would get rid of some of the rules regarding the worldwide grab for revenue. The part of the tax code known as “Subpart F”, in particular requires that tax be paid on income earned in foreign countries where American companies are making goods and providing services as if that money were earned in this country. The presumption is that companies are just keeping money offshore so that they can avoid American taxes. But we know that American companies must engage in business activities such as making loans to finance the sale of their goods and that a temporary provision exists to allow companies to engage in this legitimate business activity without seeing their income taxed immediately. My bill would make this provision of the tax code permanent.

I’d also repeal the rules that require immediate taxation of American subsidiaries on the income earned when related subsidiaries do business with one another. The anti-deferral rules are meant to discourage parking money offshore and evading taxes but the rules as written punish American companies that try to work collaboratively with their subsidiaries. If a subsidiary in Germany is working on a project with a subsidiary in Brazil, that income should not be subject to immediate tax in the United States. American subsidiaries should be able to work together for sourcing products and services rather than being encouraged by the tax code to work with other companies. By having subsidiaries work together on sales and services projects, American parent companies should see higher growth and productivity.

I have had several companies request that I fix specific parts of the rules on sales and services income. Because the full repeal of these rules is likely to be scored as a big loss to the Treasury, I may have to whittle away at these rules bit by bit instead of taking one bold step. I would like to hear comments from the business community and tax lawyers on the full repeal of these rules as well as inviting comments and suggestions on more narrow approaches.

Another provision in this bill would make permanent a temporary provision that permits related American subsidiaries in other countries to make dividend, interest, rent and royalty payments between subsidiaries without being subject to current taxation in the United States. We’ve already decided that this is not a business activity that should be penalized and we should now take the step of making it permanent.

The foreign tax credit regime prevents double taxation of income in multiple countries. Because use of credits is restricted in some circumstances, credits are not always used in the year earned. My bill would double to 20 years the current 10-year carryforward period that sometimes causes credits to expire before they can be used. While this would virtually eliminate the expiration of credits, I would like to hear from companies that would instead prefer to have the ordering rules changed so that oldest credits would be used first.

The bill changes a simple threshold for when American subsidiaries abroad are subject to the Subpart F rules. The current \$1 million or 5 percent of income threshold, set generations ago, would be raised to \$5 million or 5 percent of income.

Another provision of the bill concerns how earnings and profits are reported. Publicly traded companies are required to file financial statements, based on Generally Accepted Accounting Principles (GAAP) in the United States. My bill would permit American subsidiaries abroad to report their foreign earnings and profits based on GAAP rather than the American tax accounting rules of uniform capitalization.

The bill would accelerate the effective date of a provision of law that allows companies to allocate their interest expense as if all members of a worldwide group were a single corporation. This change would speed up the ability of companies to use a formula for allocating interest expenses.

Finally, this bill would repeal special rules on income from foreign oil and gas. American oil and gas companies need to explore and develop energy sources in other countries where oil and gas deposits exist. The provision would also repeal special tax rules that limit foreign tax credits for oil and gas companies, thus permitting underlying tax rules to apply.

The provisions of this bill generally focus on American corporations that have subsidiaries abroad. However, there are two other areas on which I invite comment for the next version of this bill. One is the inverse of this bill and concerns subsidiaries in America that have a parent company abroad. Global businesses know that having American operations is strategically important and I know that these businesses provide excellent jobs and contribute to American economic expansion. The other area on which I invite comment is individual taxpayer concerns regarding international taxation.

I want to thank several professional tax staffers who have helped to comb through many proposals and provided invaluable advice to me in drafting this legislation. They are: Marc Gerson from the Ways and Means Committee, Tom Barthold, Patrick Driessen, Tara Fisher, Chris Gerke, David Lenter, and Allen Littman from the Joint Committee on Taxation.

SEPTEMBER AS CAMPUS FIRE SAFETY MONTH

HON. CURT WELDON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 29, 2006

Mr. WELDON of Pennsylvania. Mr. Speaker, recognizing the organizations that have worked to promote fire safety and save young lives.

Mr. Speaker, H. Res. 295, which establishes September as Campus Fire Safety Month, is a vital part of our efforts to raise awareness about the importance of fire safety across the Nation. Along with the U.S. House of Representatives, 31 states, representing 61 percent of the population, have introduced proclamations and, as a result, many colleges and universities are holding campus fire safety training events during September.

There are several key organizations that are working tirelessly to promote the cause of fire safety and were instrumental in the introduction and passage of H. Res. 295. These include: The Center for Campus Fire Safety, Congressional Fire Services Institute, International Association of Fire Fighters, International Fire Chiefs Association, International Code Council, International Fire Marshals Association, National Association of State Fire Marshals, National Electrical Manufacturers Association, National Fire Protection Association, National Fire Sprinkler Association, Society of Fire Protection Engineers, and Underwriters Laboratories.

The Center for Campus Fire Safety is a central focal point for campus fire safety issues and is led by a staff and Board of Directors of dedicated individuals: Edward Comeau, Michael Halligan, Shawn Kauffman, Timothy Knisely, Paul Martin, and Michael Swain.

The aforementioned individuals are to be commended for their commitment to protecting students and improving fire safety on our campuses.

Teaching our youth the importance of fire safety during their college years will help to protect them not only while they are in school, but for the rest of their lives. The fire safety lessons and skills they learn will be vital in helping to reduce the horrific death toll from fire which claims the life of almost 4,000 people every year in all occupancies across the Nation.

HONORING WENDY KOPP, PRESIDENT AND FOUNDER OF TEACH FOR AMERICA

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 29, 2006

Mr. RANGEL. Mr. Speaker, I rise today to honor one of my constituents, Wendy Kopp,

President and Founder of Teach for America, who was recently awarded the prestigious 2006 Harold W. McGraw, Jr. Prize in Education.

Ms. Kopp's steadfast commitment to education is evident in her deeds and actions for she truly embodies the ideal that a decent education is the key, not only to the acquisition of knowledge and skills, but also to building self-esteem. In short, education is the receptacle of hope and the door to the American dream.

Kopp's pursuit of educational excellence and equity led her in 1989 to propose the creation of Teach for America. She did this as her undergraduate senior thesis, and has spent the last 15 years working to sustain and further develop the organization. Teach for America is comprised of a national corps of recent college graduates who commit 2 years to teach in urban and rural public schools. Its mission is to help to eliminate educational inequity by enlisting our country's most promising future leaders in this effort.

Today, more than 3,500 corps members are teaching in our country's neediest communities, reaching approximately 300,000 students. They join more than 10,000 Teach for America alumni who are already assuming significant leadership roles in education and social reform even though they are in their 20s and 30s.

Kopp serves on the board of directors of The New Teacher Project, and the advisory boards of the Center for Public Leadership at Harvard University's Kennedy School of Government and the National Council on Teacher Quality.

Mr. Speaker, I am proud to recognize Wendy Kopp for her devotion and hard work in the field of education, and wish to extend my congratulations and best wishes to her for much continued success.

CHICAGO: WORKING TO CREATE A 21ST CENTURY ENERGY POLICY

HON. JANICE D. SCHAKOWSKY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 29, 2006

Ms. SCHAKOWSKY. Mr. Speaker, as the summer vacation season comes to a close and the winter heating season begins, I urge my colleagues to take a moment to consider the need for a serious investment in alternative energy policies. With global warming, unrest in the Middle East and stagnating wages that are stretched thin by high fuel bills, both the environment and our country stand to gain from increased and aggressive promotion of renewables and energy efficiency.

Important steps have already been taken by state and city governments to support the use of renewable energy sources. The Apollo Alliance, an organization that promotes policies which meet the concerns of green environmentalists and blue-collar workers alike, has cited Chicago, Illinois, as being one of several forward-thinking cities that has already acted to put numerous energy-efficient policies in place. Noted by the Alliance were Chicago's comprehensive solar power, environmentally-friendly public transportation, location efficient mortgages, and green roofs initiatives.

As what the Alliance calls a "model" solar-powered community, Chicago is working to

promote photovoltaic cells and has attracted the solar manufacturer Solargenix to the city; a facility that employs 15 people full-time and manufactures 30–40 solar collectors a day. Solar factories such as Solargenix's and a recently-built photovoltaic field which will be used to help generate electricity ("Solar Panels Could Power Backup Plant," Chicago Tribune, September 21, 2006) contribute to the city's already-installed 2 MW of solar power.

Illinois is one of the country's top five ethanol-producing states, and it is no surprise that Chicago has environmentally-friendly transportation policies as well. In addition to ethanol, the city is exploring another alternative: the hydrogen fuel cell. As Merriman Curhan Ford & Co. mentioned in their May 2005 industry report, fuel cell buses already run on the streets of Chicago. Such public buses are doubly efficient: decreasing the amount of cars on the road, as well as not producing any negative greenhouse gases themselves. The Apollo Alliance explains the Chicago Transit Authority takes its concerns for the environment even further, partnering with the Park District and 48 other municipalities to purchase green power. Commonwealth Edison, the awarded bidder, with the help of the Environmental Resource Trust (ERT), plans to sell "green tickets" certified by the ERT and to create a fund to further finance the resource and development of renewable energies with the proceeds.

Simply encouraging citizens to use public transportation can greatly decrease the amount of greenhouse gases emitted from a given city, no matter what fuel is used in such transportation. Chicago has found that location efficient mortgages (LEM), mortgages that allow the purchaser to take out greater amounts of money, borrowing against the future money he or she will save by using public transportation, are particularly efficient in this respect. To further promote such mortgages and energy efficiency, Chicago also offered the first 100 LEM borrowers a voucher for \$900 toward the purchase of an EnergyStar refrigerator or washer/dryer set.

Chicago's Department of Environment also participates in green city planning through the creation of the City Hall Rooftop Garden Pilot Project in 2000 as part of the EPA's Urban Heat Island Initiative. This green roof project helps alleviate Chicago's carbon emissions by requiring a certain percentage of roof space be allocated to green roofs. The program's pilot project, the City Hall's garden, has successfully dropped the temperature on the roof surface and the surrounding air temperature—lowering cooling costs and demand for electricity in the summer and providing insulation to reduce heat energy needs in the winter. Green roofs also improve air quality by absorbing and converting carbon dioxide, producing oxygen, and removing airborne particulates.

The Apollo Alliance has recognized the many steps that Chicago has taken to make our Nation energy-independent and environmentally-friendly. We need to build and expand on their success. We need a 21st century energy policy that uses wind power, solar power, biomass, and geothermal energy in our homes and businesses; and ethanol and hydrogen-driven vehicles on our streets. City planning must be rethought to prevent urban sprawl and encourage the use of public transportation. Chicago and other cities have

shown us that we can take a new direction on our energy and environmental future—it is time that Congress act forcefully to do so as well.

INTRODUCING THE HAWAIIAN HOMEOWNERSHIP OPPORTUNITY ACT OF 2006

HON. NEIL ABERCROMBIE

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Friday, September 29, 2006

Mr. ABERCROMBIE. Mr. Speaker, I rise in support of legislation I am proud to introduce today. The Hawaiian Homeownership Opportunity Act of 2006 is the exact same language of HR 5851, reported out of the House Financial Services Committee on September 28, 2006.

The measure reauthorizes existing Native Hawaiian housing programs for five years and makes two adjustments to the program that will allow the Department of Hawaiian Home Lands to help more Native Hawaiians whose incomes are equal to or less than 80 percent of the median income.

In 2000 Congress passed legislation authorizing the U.S. Department of Housing and Urban Development (HUD) to provide block grants for affordable housing for Native Hawaiians through the Department of Hawaiian Home Lands. The 2000 measure also authorized HUD home loan guarantees for low-income Native Hawaiians. Eligible borrowers include Native Hawaiian families, the Department of Hawaiian Home Lands, the Office of Hawaiian Affairs, and private nonprofit organizations experienced in planning and developing affordable housing for Native Hawaiians.

The Hawaiian Home Ownership Opportunity Act of 2006 reauthorizes these programs and adds a new provision authorizing loan guarantees for home mortgage refinancing. This introduces greater flexibility and allows families to take advantage of lower interest rates as millions of other American families have. The measure would also permit the Department of Hawaiian Home Lands to issue bonds. This will allow the Department to service more low-income families without a large increase in appropriations.

This bill is about homeownership, this is not welfare or public assistance. It offers another tool for a family to provide for a basic need, housing. This is unbelievably important in Hawaii where land is scarce and the median home price on the island of Oahu is \$639,000 and the median condominium price is \$310,000. This measure will advance our efforts to address housing affordability in the islands.

I would like to thank the House Financial Services Committee, in particular Chairman MIKE OXLEY and Ranking Member BARNEY FRANK, who have been extremely supportive in dealing with the housing problems of Hawaii. I would also like to recognize my colleague from Hawaii, Congressman ED CASE, who, like Chairman OXLEY and Ranking Member FRANK, is a cosponsor of this legislation.

I urge my colleagues to help the residents of Hawaii and support this legislation.